

**Written Testimony for Finance, Revenue and Bonding Committee
February 26, 2016**

The Department of Social Services offers the following written testimony on

**S.B. No. 49 AN ACT CONCERNING AN EXEMPTION FROM THE HOSPITAL TAX
FOR HOSPITALS IN THE SMALL HOSPITAL POOL**

This bill would exempt hospitals that qualify for the small hospital pool from the hospital tax.

Currently, there are five hospitals in the small hospital pool. These hospitals include Bristol, Charlotte Hungerford, Day Kimball, Griffin, and Milford. Please note as of January 1, 2016, Johnson Memorial Hospital no longer qualifies as a small hospital, as it was acquired by Trinity Health – New England, Inc.

In SFY 2016, these hospitals (including Johnson Memorial) will be assessed a total of \$33,958,774 in hospital tax. This includes both inpatient and outpatient hospital tax.

After removing Johnson Hospital from this total, the small hospital pool exemption from the hospital tax would result in over \$30 million in revenue loss to the state's General Fund.

It is important to note that the hospitals that qualify for the small hospital pool also receive inpatient supplemental payments from the Department of Social Services. In SFY 2016, the total state share of supplemental payments distributed to the small hospitals (excluding Johnson Memorial) thus far is \$3,116,295. This includes \$979,079 in inpatient supplemental pool payments and \$2,137,216 in small hospital pool supplemental payments. Once the Department has received approval of the State Plan Amendment from the Centers for Medicare and Medicaid Services and is in receipt of the federal funds, the Department will then have the ability to release the remaining small hospital and inpatient pool payments to the small hospitals. In total, the small hospitals (excluding Johnson Memorial) are slated to receive \$19,215,795 in SFY 2016.

Given that this bill will result in a revenue loss to the state of over \$30 million and in light of the fiscal challenges the state is facing, the Department is unable to support this bill.